

Title: Reasonably Available Control Technology Demonstration for the 2008 Ozone NAAQS (RACT SIP)

Recommendation:

Conduct a public hearing and 1) determine that the adoption of the RACT SIP is exempt from the California Environmental Quality Act (CEQA), 2) adopt a resolution approving the Demonstration of Reasonably Available Control Technology for the 2008 Ozone National Ambient Air Quality Standard (NAAQS); and 3) direct Staff to forward the RACT SIP and all necessary supporting documents to the California Air Resources Board for submittal to the U.S. Environmental Protection Agency (EPA).

Rationale for Recommendation:

The federal Clean Air Act requires states and districts in nonattainment areas for the federal ozone air quality standard to implement Reasonably Available Control Technology (RACT) for the emissions of volatile organic compounds (VOC) and oxides of nitrogen (NOx). The RACT requirements apply to all source categories for which EPA has published a Control Techniques Guidelines (CTG) document as well as all major stationary sources of VOC and NOx.

The District was designated a severe nonattainment area for the 2008 NAAQS for ozone. Federal regulations require the District to submit a revision to the State Implementation Plan (SIP) that meets the federal Clean Air Act RACT requirements as they apply to the 2008 standard.

Staff is proposing adoption of a plan document, known as a "RACT SIP," to meet the federal requirements. The document presents a detailed analysis of District rules, and includes: 1) negative declarations for CTG source categories for which the District has no sources, 2) certification that the District has met the RACT requirements for applicable CTG source categories and major stationary sources of VOC and NOx, and 3) commitments to remedy any RACT deficiencies Staff identified during the analysis. If approved by the District's Board of Directors, the RACT SIP will be submitted to EPA for approval.

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Presentation: Yes

ATTACHMENTS:

- Attachment 1: Resolution
- Attachment 2: Exhibit A - Proposed RACT SIP
- Attachment 3: Written Comments and Responses
- Attachment 4: Evidence of Public Notice

Approvals/Acknowledgements

Executive Director or Designee: Larry Greene, Report Approved 3/17/2017

District Counsel or Designee: Kathrine Pittard, Approved as to Form 3/16/2017

Discussion / Justification:

In 2015, EPA promulgated a rule to implement the 2008 ozone NAAQS¹, which requires the District to submit

several plan elements to EPA, including revisions to the SIP that meet the RACT requirements of Clean Air Act Sections 182(b)(2) and 182(f) for VOC and NOx. The submittal must also satisfy the requirements of Clean Air Act Sections 110 and 40 CFR Part 51.

EPA defines RACT as “the lowest emission limitation that a particular source is capable of meeting by the application of control technology that is reasonably available considering technological and economic feasibility².” Staff performed a detailed analysis of CTG source categories and major stationary sources³ of VOC and NOx to demonstrate compliance with RACT requirements. The analysis consisted of the following steps:

- For each CTG, identify whether the District has sources to which the CTG applies.
- If the District has no sources to which a CTG applies, submit a negative declaration.
- If the District has sources to which a CTG applies, identify the applicable District rule and perform a detailed comparison of the rule requirements with the CTG, other federal and state guidance, and rules for other nonattainment areas.
- For non-CTG categories that are applicable to emission units located at one or more major stationary sources, perform a detailed comparison of the rule requirements for those emission units with relevant RACT guidance.
- For major stationary sources, determine the types of emission units at the facility and determine which District rules apply to these sources. The RACT requirement for a major stationary source is satisfied when all units that emit VOC or NOx are subject to rules that have been determined to satisfy RACT or have been determined to have no applicable RACT controls.

1. 80 FR 12264, March 6, 2015.

2. 44 FR 53762, September 17, 1979.

3. In severe nonattainment areas, the major source emissions threshold is 25 tons per year of VOC or NOx.

Summary of Plan / Rule / Amendment:

Staff prepared a RACT SIP document presenting the analysis and demonstrating that the District meets RACT requirements for 21 CTG source categories and 12 major stationary sources. For 20 CTG source categories, there are no sources in the District to which the CTGs apply.

The RACT SIP identifies two deficiencies. First, there is no District rule that limits VOC emissions from the coating of plastic parts, a CTG category. There is one District source to which this CTG applies. Second, there is no District rule that limits NOx emissions from natural gas-fired ovens, which are located at one major stationary source of NOx in the District. The two sources already meet the RACT standards and, therefore, will not be affected by adoption of the RACT standards.

The RACT SIP is comprised of these key elements:

- Negative declarations for the CTG source categories for which the District has no sources.
- Certification that the District has met the RACT requirements for the CTGs that are applicable to sources in the District.
- Certification that RACT is being fully implemented at 12 of 13 major stationary sources.
- Commitments to adopt rules that will remedy two RACT deficiencies.
- Supporting material that includes Staff's detailed analysis of each CTG source category and each major stationary source.

Financial Considerations: The proposed RACT SIP includes commitments to adopt two new rules. These rules will apply to two District sources. Both sources already have District permits for the applicable equipment and are already being inspected by Staff. Therefore, adoption of the RACT SIP is not expected to result in additional costs to the District.

Emissions Impact: Staff has determined that the two sources that will become subject to new District rules as a result of commitments made in the RACT SIP already meet RACT standards. Therefore, no additional emission reductions are expected from adoption of the RACT SIP.

Economic Impact: The two sources that will become subject to new District rules as a result of commitments made in the RACT SIP already meet RACT standards. Therefore, no compliance costs or impacts to employment or the economy of the region are expected.

Public Outreach/Comments:

The noticing for today's hearing included:

- A notice posted on the District website with a link to the proposed RACT SIP.
- Email notices to:
 - The California Air Resources Board and U.S. Environmental Protection Agency;
 - Interested and affected parties, including the sources that will become subject to new rules as a result of commitments in the RACT SIP; and
 - All persons who have requested rulemaking notices.

As of March 7, 2017, one comment has been received. The email, sent by EPA Region IX on February 22, 2017, is included in Attachment 3, together with Staff's responses to the comments. Any additional written comments received prior to the public hearing will be distributed to the Board before the hearing.

EPA identified three potential RACT approvability issues concerning four District rules. These comments do not constitute a formal finding of deficiency. Each of the four rules has been approved into the SIP previously by EPA, and Staff believes these rules continue to meet RACT requirements. Staff recommends that the Board proceed with adoption of the proposed RACT SIP.

Environmental Review:

In this SIP revision, the District is making commitments to fix RACT deficiencies in two categories: VOC emissions from plastic parts coatings, and NOx emissions from natural gas-fired ovens.

A review of sources that perform plastic coating operations revealed only one source with emissions greater than the CTG applicability cutoff. This source already uses coatings that meet the VOC content limits specified in the CTG. Therefore, this source will not be affected by the adoption of VOC RACT standards.

The natural gas-fired ovens at the only source required to meet a NOx RACT standard for this type of equipment are limited by permit to emit no more than 30 ppmv of NOx at 3% oxygen. This is the same standard contained in the most stringent district/state rule compared, SCAQMD Rule 1147 – NOx Reductions from Miscellaneous Sources, which Staff considers to satisfy RACT. Therefore, the natural gas-fired ovens at the source will not be affected by the adoption of a NOx RACT standard for this equipment.

California Public Resources Code Section 21159 requires an environmental analysis of the reasonably foreseeable methods of compliance. No source will be required to change its operations to comply with RACT standards for plastic parts coating or natural gas-fired ovens; therefore, no adverse environmental impacts will occur. Staff has determined that the adoption of this RACT SIP is exempt from the California Environmental Quality Act (CEQA) as an action by a regulatory agency for the protection of the environment (Class 8 Categorical Exemption, Section 15308, State CEQA Guidelines) and because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment (Section 15061(b)(3), State CEQA Guidelines).